

Five-Year Implementation Plan

(Prepared pursuant to Article 16.5 of the Community Redevelopment Law
for fiscal years 2000-01 through 2004-2005)

for the
Parkway Plaza Redevelopment Project Redevelopment Plan



CITY of NAPA

by the
Community Redevelopment Agency of the City of Napa
Napa, California

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**IMPLEMENTATION PLAN
for the
REDEVELOPMENT PLAN
for the
PARKWAY PLAZA REDEVELOPMENT PROJECT**

INTRODUCTION

This document is the second Implementation Plan ("Implementation Plan" or "Plan") for the Redevelopment Plan for the Parkway Plaza Redevelopment Project ("Redevelopment Plan," "Project," or "Project Area") and covers the five-year period commencing with the 2000-01 fiscal year and ending with the 2005-06 fiscal year. The original Implementation Plan was adopted on January 3, 1995, and updated on December 9, 1997, and covered the previous five-year period. This Implementation Plan was prepared by the Community Redevelopment Agency of the City of Napa (the "Agency") in compliance with Article 16.5 of the California Community Redevelopment Law (the "CRL"). Article 16.5 is included as Appendix A to this Plan.

As with the original Implementation Plan ("Original Implementation Plan"), this Implementation Plan is composed of two separate components, a **Redevelopment Component** and a **Housing Component**. The **Redevelopment Component**: 1) revisits the goals and objectives of the original Redevelopment Plan and the Third Amendment to the Redevelopment Plan; 2) defines the Agency's strategy to achieve these goals and objectives; 3) presents the projects, programs and expenditures that have been developed as a means to attain the goals and objectives; and 4) describes how the goals and objectives, projects, programs and expenditures will eliminate blight within the Project Area. Article 16.5 also requires that an implementation plan explain how the components of the plan will implement various CRL requirements regarding low- and moderate-income housing. The activities are contained in the Housing Component. The **Housing Component** shows how the Redevelopment Plan goals and objectives for housing preservation and production will be implemented and how the statutory requirements for the expenditure of tax increment set-aside funds for housing purposes will be met.

This Implementation Plan continues to be a policy statement and has been prepared to update the status of projects and revise, as necessary, Agency priorities for redevelopment activities within the Project Area for the five-year period covered by this Plan. It also incorporates a list of proposed projects the Agency may consider undertaking if additional funding is provided through a future bond issue to maximize the tax increment flow to the Agency. New issues and opportunities may be encountered during the course of administering the Implementation Plan during the next five-year period. Therefore, this Implementation Plan may be amended if necessary to effectuate changes in Agency priorities.

This Implementation Plan updates the Agency's activities and establishes a nexus between Agency goals and objectives and program activities, the elimination of blight and the development and rehabilitation of affordable housing. The intent of this Plan is to guide Agency activities based on stated goals and objectives, and outlined projects, programs, and expenditures; since conditions, values, expectations, resources, and the needs of the Project Area may change from time to time.

PROPERTY ACTION PLAN
IN THE
DISTRICT OF COLUMBIA
AND
THE CITY OF WASHINGTON
FOR THE YEAR 1997

INTRODUCTION

The District of Columbia and the City of Washington are committed to the goal of creating a more equitable and efficient property tax system. This plan outlines the steps that will be taken to achieve this goal. The plan is based on the following principles:

- 1. Fairness: The tax system should be fair to all taxpayers.
- 2. Simplicity: The tax system should be simple and easy to understand.
- 3. Transparency: The tax system should be transparent and accountable.
- 4. Stability: The tax system should be stable and predictable.
- 5. Efficiency: The tax system should be efficient and cost-effective.

The plan is divided into three main sections: the first section describes the current tax system and the problems it faces; the second section describes the proposed changes to the tax system; and the third section describes the implementation of the plan.

The current tax system is based on a combination of property taxes and sales taxes. The property taxes are levied on the value of the property, and the sales taxes are levied on the sale of goods and services. The current system is complex and difficult to understand, and it is not fair to all taxpayers. The proposed changes to the tax system will simplify the system, make it more transparent, and ensure that all taxpayers pay a fair share of the costs of government.

The implementation of the plan will be a multi-year process. The first step is to conduct a comprehensive study of the current tax system and to develop a detailed plan for the proposed changes. The second step is to implement the plan, and the third step is to monitor the results and make any necessary adjustments.

BACKGROUND

A. LOCATION, HISTORY AND REASONS FOR ADOPTION OF THE PROJECT AREA

The Parkway Plaza Redevelopment Project, consisting of 324 acres, is located in the historic heart of the City of Napa. In general, the boundaries of the Project Area are: Oak Street and Oil Company Road on the south, Jefferson Street on the west, Eggleston and Vallejo streets on the north, and McKinstry Street, Burnell Street and Soscol Avenue on the east. The Napa River flows into and along the eastern two-thirds of the Project Area. Map 1 on page 3 shows the boundaries of the Project Area.

At the time of adoption of the Project in 1969, the Project Area, which included the city's central business district (referred to as the "Downtown") and City and County government buildings, was an area in decline. Age and periodic floods from the Napa River had taken their toll. Many buildings were deteriorated, some beyond rehabilitation. There was an adverse mixture of industrial, commercial and residential uses. Some residences were overcrowded. The small blocks and inadequate streets made vehicular access and circulation difficult. Off- and on-street parking was insufficient. Small and divided ownerships hindered the creation or expansion of major stores. Formation of the Parkway Plaza Project was the City's response to these conditions. The central objective of the Project, as stated in the original Redevelopment Plan, was "... to renew the [Project] area as the heart of the city where government, business and residential areas focus, where people of the city can gather to conduct their affairs and to enjoy their city."

Originally adopted under the federal Urban Renewal Program, the Redevelopment Plan was and is called both a "Redevelopment Plan" and an "Urban Renewal Plan." Federal assistance to the Project was phased out in the late 1970s. Since that time, major Project funding has come from tax increment revenues.

The Redevelopment/Urban Renewal Plan for the Parkway Plaza Redevelopment/Urban Renewal Project was adopted by Ordinance No. 1910 on December 15, 1969. Since that time the Plan has been amended five times, none of which added territory to the Project Area. The first amendment, adopted by Ordinance No. 1917 on February 2, 1970, made certain technical corrections relating to omissions in the original adoption ordinance. Amendment number two, adopted January 15, 1973, by Ordinance No. 2165, increased the area within the Project that was subject to acquisition and clearance by the Agency. The third amendment was adopted on February 5, 1980, by Ordinance No. 2600. This amendment, which was approved at the same time as a proposed disposition and development agreement, made certain technical changes necessary to clear the way for the Project's major development to proceed (the Napa Town Center) and made minor revisions to the Plan's goals and objectives. In 1985, the Legislature passed SB 690 (Chapter 639, Statutes of 1985) which required the redevelopment plans for all project areas adopted prior to October 1, 1976, be amended to add certain limitations that had been required for all plans adopted after that date. This resulted in the fourth amendment to the Parkway Plaza Project Redevelopment Plan, adopted by Ordinance No. 3065 on June 1, 1987. The fifth and last amendment, similar to the fourth amendment, was required by State law (AB 1290, Chapter 942, Statutes of 1993). This final amendment reduced and/or established certain other limits in the Redevelopment Plan. It was adopted on October 4, 1994, by Ordinance No. 94-030.

The Agency adopted the Original Implementation Plan to the Project on January 3, 1995, by Resolution No. A-956. The Original Implementation Plan was amended once and updated at the mid-point of the five-year period. This Implementation Plan is the Agency's second Plan and covers the ensuing five-year period.

MAP 1 - REDEVELOPMENT AREA BOUNDARIES



Community Redevelopment Agency of the City of Napa
Parkview Plaza Redevelopment Project

Implementation Plan
(Fiscal Years 2000-01 through 2004-2005)

B. DESCRIPTION OF THE REDEVELOPMENT PLAN

1. Purpose

The Redevelopment Plan for the Parkway Plaza Redevelopment Project provides the Agency with powers, duties and obligations to implement and continue its program for the redevelopment, rehabilitation, and revitalization of the Project Area. Because of the long-term nature of the Redevelopment Plan and the need to retain flexibility to respond to market and economic conditions, property owners and developer interests and opportunities as they arise, the Implementation Plan does not present a precise plan for the redevelopment, rehabilitation and revitalization of the Project Area. Rather, the Implementation Plan represents a process and a basic framework within which specific projects have been established to achieve solutions that will eliminate blight. The Implementation Plan identifies a full range of projects and programs utilizing all the tools available to the Agency to develop and proceed with such activities.

2. Goals and Objectives

The original Redevelopment Plan identified various land use districts within the Project Area, and established certain general and specific goals and objectives for each area. The original Redevelopment Plan was adopted in 1969 and hence is now more than 30 years old. Many of the original objectives have been attained; others are still relevant and are being pursued; and others have been abandoned in favor of different goals and objectives as time passed, needs changed and Project Area redevelopment proceeded.

A comprehensive statement of goals and objectives for the Project can be found in Ordinance No. 2600, which approved the Redevelopment Plan's third amendment in 1980. The relevant goals and objectives are:

1. Maintain the prosperity of existing business streets.
2. Provide for major expansion of the business district.
3. Provide for substantial parking.
4. Improve access and internal circulation.
5. Provide for separation of through-traffic from business-oriented traffic.
6. Provide shopper amenities and conveniences.

The above goals and objective were refined as part of the development of the Original Implementation Plan goals and objectives in 1995 and are described later in this Plan.

C. AGENCY ACCOMPLISHMENTS

Since adoption of the Redevelopment Plan in 1969, the Redevelopment Agency has accomplished several major projects. In early 1970, the Agency received a capital projects grant of \$1.9 million from the U.S. Department of Housing and Urban Development. This money was used to fund two major efforts. First was the acquisition of the site for the Parkway Plaza and Brown Street Pedestrian Mall at First and Brown streets. The Parkway Plaza site was resold to a private developer (Gust C. Nichandros) who constructed 100,000 square feet of new commercial space to go along with public improvements in the Plaza built by the Agency. The Brown Street Pedestrian Mall closed a portion of Brown Street from Second to Pearl streets, and reconstructed it as a pedestrian mall.

The second project occurred between 1971 and 1974. The Agency funded the reconstruction of the First Street streetscape, from the Parkway Plaza west to Napa City Hall, a distance of three blocks. The streetscape included new street lighting, brick sidewalks and planting boxes, street trees, street furniture, and

utility undergrounding.

In the late 1970s, the Agency began discussions with a private developer for development of a downtown retail mall, called the Napa Town Center. On February 5, 1980, the Agency entered into a Disposition and Development Agreement (DDA) with the Sequoia Partnership for acquisition and development of land in an area bounded by First, Franklin, Clay and Coombs streets. Over the next five years, the DDA was amended to accommodate an expanding project scope. The scope of this project grew to include three public parking structures and additional public pedestrian areas. The Agency acquired and cleared over 4.5 acres of land in order to accommodate the project and three public parking structures. The Town Center site was sold to the developer with the Agency maintaining ownership of the parking areas. In late 1987, the first tenants opened for business in the Napa Town Center. On August 7, 1990, the Napa Town Center project was completed.

In 1991, the Agency constructed the Main Street Landing boat dock at the foot of Fourth Street and the Napa River. (The Napa River runs through the Project Area). Main Street Landing provides river boaters with a means of access to Downtown Napa. From 1991 to 1993, the Agency provided assistance in the development of plans by the Army Corps of Engineers for design of the Napa River Flood Protection Project.

The Agency began setting aside 20 percent of its tax increment revenues for the development of low- and moderate-income housing in 1990. Working cooperatively with the City of Napa Housing Authority, the Agency has participated in the acquisition of land and the development of 474 low- and moderate-income units since 1990.

The following specific projects, which were included in the Original Implementation Plan, have been completed within the Project Area since 1995:

- Library Project Remodel (completed 1995)
- Parkway/Brown Street Renovation (completed 1996)
- Napa Creek Pedestrian Area Renovation (completed 1996)
- Downtown Façade Improvement Program (implemented 1996)
- Retrofit Downtown Kiosks (completed 1997)
- Napa Valley Opera House Facade (completed 1997)
- 150th Anniversary Celebration (completed 1997)
- Seismic Retrofitting Program (Implemented 1997)
- Disposition and Development Agreement – Kyser Lui Williams Building (escrow closed 1998)
- Owner Participation Agreement – Napa Mill/Hatt Building Grant and Loan (executed 1998)
- Coombs Street Plaza Improvements (completed in 1998)
- Removal of signs on Victorian poles (1998)
- Installation of street banners in Downtown (1998)
- Installation of street furniture (first phase completed in 1998)
- Development of Directional Sign Master Plan for Downtown Napa (completed in 1999)
- Soscol Avenue Median (to be completed by end of 1999)
- Clay Street Parking Garage Enhancements (completed in 1999)
- Downtown marketing, parking and walking tour brochures (completed in 1999)
- First Street Underground Utility District Pedestrian Improvements (underway: complete in 2000)

A number of other projects are currently underway and will span the two Implementation Plan cycles. These are described later in this Implementation Plan.

REDEVELOPMENT COMPONENT

A. FINANCING

As with the Original Implementation Plan, there are financial constraints that must be taken into account when determining the projects and programs to be implemented by the Agency. Although the existing obligations in the Project Area utilize a significant amount of tax increment, the Agency will continue to have funding for capital improvement projects. Current projects and programs will be funded through existing fund balances and bond proceeds on hand. Any substantially new capital improvement projects or new programs will require financing through a final tax allocation bond issue to maximize the remaining tax increment revenues to the Project Area. The sale of tax allocation bonds must occur by 2004 and debt repayment only would continue through 2019. The Agency's activities will terminate in 2009.

1. Tax Increment Revenues

At the time a redevelopment plan is adopted for a project area, the taxes generated from taxable value of property in the area (often referred to as the base year value) continue to be distributed to each of the taxing entities which levy a property tax in the project area. The property taxes that occur due to growth in taxable value above the base year value are allocated to the redevelopment agency. This amount is commonly referred to as tax increment revenue.

The Project Area's taxable value has increased since the base year by approximately \$157.4 million through the 1999-2000 fiscal year. Since 1996-97, the percentage growth in taxable values has been strong, averaging almost 3 percent annually. The growth in Project valuations will provide the Agency with the opportunity to sell tax allocation bonds before the ability to incur new debt expires under the Redevelopment Plan in 2004. This bond issue may generate net proceeds of approximately \$5.0 million that can be used to fund new projects and programs.

It is estimated that the Agency will have approximately \$1.8 million in gross tax increment revenue from the Project Area for 2000-01. Based on the allowable Proposition 13 inflation adjustment of 2 percent annually, tax increment revenue may grow to \$1.9 million by the end of the Implementation Plan term. However, as described below, a significant portion of these monies are pledged to pre-existing obligations. These obligations are exclusive of the Agency's Capital Improvements Project (CIP) budget, which is currently being funded from accumulated reserves and existing revenues. Any future large CIP programs will need to be funded by the bond issue described above and existing resources.

2. Existing Obligations

The Agency has incurred a number of significant financial obligations within the Project Area, including: a previous tax allocation bond issue, the low- and moderate-income housing set-aside, and Agency operating costs. Payments on obligations incurred in the Project Area commit a substantial portion of the Agency's primary funding source – tax increment revenue. Table 1 on page 8 provides details on the Agency's obligations. It is estimated that the Agency will have approximately \$450,000 available in tax increment revenues by 2000-01 to support a new tax allocation bond.

B. PROJECT AREA FOCUS

In general, the project focus of the Agency for this Implementation Plan will be to begin the final phase of completing the Agency's revitalization efforts to create a vibrant and strong downtown for Napa. The Agency's ability to incur new debt to pay for projects and programs will expire during the new Implementation Plan period in January 2004. By January 2009, the Redevelopment Plan will expire for all activities except the repayment of debt. Therefore, the Agency intends to complete the projects and programs that are described later in this Implementation Plan in order to place Downtown Napa in a strong position for the 21st century.

Table 1
Community Redevelopment Agency of the City of Napa
Parkway Plaza Redevelopment Project

EXISTING DEBT OBLIGATIONS

NAME	OBLIGATION	DESCRIPTION/REASON
1. BOND DEBT SERVICE PAYMENTS	The 1993 Tax Allocation Refunding Bonds are "secured by tax revenues" from the Project Area. (1993 Tax Allocation Bonds, February 23, 1993, Page 1).	The 1993 bond proceeds have been utilized to advance refund the 1987 and 1990 Bonds.
2. LOW- AND MODERATE-INCOME HOUSING	California Redevelopment Law (Health and Safety Code Section 3334.2) requires all redevelopment agencies to set aside 20 percent of all tax increment revenue which is allocated to the agency to facilitate housing for persons and families of low and moderate incomes.	To increase, improve and preserve the community's supply of low- and moderate-income housing.
3. AGENCY OPERATING COSTS	Ongoing expenses to fund the operations of the Agency.	To administer the Agency's redevelopment program aimed at blight elimination and housing preservation.

This will be accomplished in part by the continued implementation of the Commercial Development Assistance Program. This program provides various forms of assistance to the private sector to improve historic building and create economic opportunities. Financial incentives are provided, such as façade improvement rebates, seismic retrofitting loans to ensure the future of unreinforced masonry structures, and other programs directed to ensure historic buildings are preserved and adaptively reused and other commercial properties and businesses thrive in and around Downtown Napa.

The installation of various public improvements will also continue to be a priority for the Agency. Such improvements may include street circulation improvements, pedestrian improvements, additions and enhancements to downtown parking, and creation of gateway entrances to the downtown.

Finally, the implementation of flood control improvements in the city will create a series of opportunities that may require redevelopment assistance. In March 1998, the Napa County voters approved a ½ cent sales tax increase to fund the local share of a Flood Protection Project for the Napa River. A significant portion of the improvements will occur in Downtown Napa and the Project Area. The improvement plans for Downtown are conceptual in nature. In order to provide more specificity, the Agency has funded a contract for the Schematic Design of the Downtown Reach to better define the improvements. The Agency believes that there will be some level of refinement to the improvements (materials, fixtures, art, etc.) that is appropriate, but cannot be funded by the Flood Protection Project. The Agency is proposing to fund these "betterments" (in whole, or in part if outside funds are available as leverage) as a future project. There are also certain projects along the riverfront that may require Agency assistance.

C. REDEVELOPMENT COMPONENT GOALS AND OBJECTIVES, PROGRAMS, PROJECTS AND EXPENDITURES, AND BLIGHT ELIMINATION

This section of the Implementation Plan declares goals and objectives ("Goals and Objectives") and identifies projects, programs and expenditures to be used in the realization of the Goals and Objectives. Housing goals and objectives as they have been established for the Project Area are included in the Housing Component of this Implementation Plan.

The elements of this Redevelopment Component of the Implementation Plan are interrelated to accomplish the elimination of blight in the Project Area. As noted earlier, the Goals and Objectives of this Implementation Plan are an update to those contained in the original Redevelopment Plan and the Third Amendment, and the Original Implementation Plan adopted in 1995. They have been revised to reflect the priorities for addressing existing conditions and needs, and changes to the Project Area since 1995. They are based on available and potential resources. The means for achieving the Goals and Objectives of the Redevelopment Component are the projects, programs and expenditures that have been or will be undertaken by the Agency over the five-year term. By implementing these projects and programs, the Agency will continue the elimination of blight in the Project Area. The relationship between the projects and programs to be implemented and the elimination of blight is presented below, and illustrated on Table 2, page 12.

1. Implementation Plan Goals and Objectives

The Implementation Plan Goals and Objectives reflect the current direction of the redevelopment program based on the coordinated efforts of the Agency and community leaders. The following represents the current vision for Downtown Napa.

Building upon a strong foundation in Downtown, Napa is becoming a world-class center for the very best that the Napa community and greater Napa Valley have to offer. Downtown Napa presents something for everyone: an enchanting place to live; diverse employment opportunities; favorite restaurants and night spots; quality cultural and entertainment attractions; family-oriented recreational opportunities, and a "living river."

Downtown Napa is safe, clean and well-maintained reflecting personal and civic pride. Historic structures have been preserved and restored to their original grandeur and provide an important ambiance for Downtown. Residential and commercial buildings reflect pride of ownership. Leading into the heart of Downtown are a series of well-maintained streets, pedestrian routes, bicycle trails, and a river trail. Downtown residents, workers and visitors circulate by the latest modes of transportation, from shuttle buses to river ferries.

The Napa river has become a focal point for downtown offering a variety of open space and recreation areas. The schools located in downtown are models of educational achievement and innovation. The commercial opportunities are diverse and vibrant, offering a mixture of desirable goods and services to residents and visitors alike.

Downtown shopping is a sought-after experience. Restaurants thrive, offering a wide assortment of choices. Exceptional special events are scheduled on a regular basis. Entertainment opportunities are abundant with outstanding venues providing musical performances, live theater, and films. Cultural opportunities including museums and galleries are available to challenge and educate. Residents visit commercial and entertainment areas on a regular basis.

The small-town charm and character of surrounding historic neighborhoods, the vital and entertaining commercial area, and the burgeoning riverfront make Downtown Napa a "must" for any visitor to the Napa Valley.

To realize this vision, the following Goals and Objectives have been established for this Implementation Plan:

- Goal #1: Work with the appropriate agencies to ensure the design of the Downtown Reach of the Flood Protection Plan is consistent with the community's vision, maximizes pedestrian and watercraft access to the riverfront, and ensures continuity of design among all the features.
- Goal #2: Encourage and support downtown riverfront development that maximizes the guidance provided in the Soscol Avenue/Downtown Riverfront Design Guidelines. Encourage owners of existing buildings to upgrade river-fronting facades, to provide outdoor seating and amenities between their buildings and the river, and to orient parking in accordance with the Guidelines.
- Goal #3: Promote greater access between the downtown core commercial and surrounding areas through pedestrian, automobile, bicycle, public transit, and circulation linkages.

Continue to improve the major entryways and gateways to Downtown through upgraded signage, landscaping and removal of blighting conditions.

- Goal #4: Ensure appropriate “transitional zones” between the downtown core and surrounding neighborhoods. Address issues relating to the interactions between the two areas such as traffic, over flow parking and visual blight.
- Goal #5: Ensure the Napa River becomes a focal point for Downtown. Provide key public open spaces and plazas along the river’s edge and throughout Downtown to serve the growing need for recreational activities and special events.
- Goal #6: Recognize and embrace the importance of the city’s architectural and cultural legacy. Provide targeted assistance for “landmark” buildings (key public facilities, historic or architecturally significant structures) to promote their preservation and reuse. Assistance will be targeted to “fill the gap” rather than serving as the primary source.
- Goal #7: Increase the number of cultural and entertainment uses, restaurants and specialty retail stores downtown which foster “around the clock” activities for downtown patrons and enhance the downtown “experience.” Provide necessary shopper amenities and conveniences.
- Goal #8: Maintain and enhance the prosperity of existing businesses in Downtown. Upgrade infrastructure as needed to support increasing demand and facilitate private investment and development. Implement dedicated maintenance programs to insure the quality and appearance of the area over time.
- Goal #9: Promote mixed-use development that combines residential and non-residential uses within single developments and in larger areas. Encourage developers of larger commercial projects to provide for on-site mixed uses that would allow downtown employees to make non-work-related trips without having to use their automobiles (i.e., child care, dry cleaners, banking, etc.).
- Goal #10: Continue to work with the Napa Downtown Association, Napa Chamber of Commerce, Napa Valley Conference and Visitors Bureau, Napa Valley Expo, downtown property and business owners, and the real estate community to market and promote Downtown, resolve problems, and assist with future downtown projects and activities.

TABLE 2 – PROJECTS, PROGRAMS AND BLIGHT ALLEVIATION

Insert Here

2. Five-Year Programs, Projects and Expenditures

The Implementation Plan Goals and Objectives will be realized through the following programs, projects, and expenditures. "Projects and Programs in Progress" represents those programs that were initiated in the Original Implementation Plan and will be completed in this five-year period or represent an ongoing project such as the Façade Improvement Program. This section also includes an outline of "Proposed New Projects and Programs" that could be undertaken based on the availability of funds during the next five-year period. Many of these projects are a direct result of the approval of the Flood Protection Plan by voters in March 1998, and present an opportunity for the Agency to implement important riverfront projects and facilitate the development of other new private projects and redevelopment projects. Estimated expenditures are shown for informational purposes only, and may vary depending on final project designs. Exact funding will be included in the Agency Capital Improvement Project budget which is adopted every two years as part of the budget process.

Projects and Programs in Progress

- **River Enhancement Project. (IN PROGRESS)** The goal of this project is to promote and enhance the Napa River for visitors and residents. This project involves, if necessary, the acquisition of certain blighted riverfront lands; removal of blighting conditions; construction of river trail and other recreational features set forth in the Urban Waterfront Restoration Plan, and construction of flood control improvements. The projects will serve as a demonstration, representing what the Downtown Reach of the Napa River will look like once all flood control and recreational improvements and new private sector investment are completed.

The following projects have been implemented under this Program.

- ♦ **Napa Mill – Hatt Building. (IN PROGRESS)** A \$185,000 loan for tenant improvements associated with a Farmers and Arts and Crafts Market and a \$160,000 grant for development of a public plaza on the riverfront were funded during the previous Implementation Plan cycle. The Napa Mill is an adaptive reuse project of an old granary mill, and will include a public market, retail space, restaurants, and a hotel.
- ♦ **Downtown Reach of the Flood Protection Plan Schematic Design Services. (IN PROGRESS)** This is a project to prepare the schematic design details for various aspects of the Flood Protection Project that will improve the riverfront area of Downtown Napa. The design components of the project include a riverfront promenade, wet/dry bypass channel, renovation of Veteran's Park, floodwalls, a river trail, and architectural design services relating to three new bridges. Future projects may be implemented based on the design standards. The overall program has been budgeted at \$125,000.
- **River Restoration Planning Program. (REVISED AND IN PROGRESS)** This program has been revised to include projects outlined in the City's Development Agreement with the American Center for Wine, Food and the Arts, which includes the design and construction of improvements in the Project Area surrounding the American Center, as outlined below.
 - ♦ **Downtown Directional Sign Program. (REVISED AND IN PROGRESS)** The first part of this program completed a Downtown Directional Sign Master Plan (\$37,620). The second part of the program will be the actual implementation of the approved Downtown Directional Sign Program. The master plan was completed as part of the previous five-year Plan. The second phase to construct and install the signs will be completed in FY 1999-00. The estimated Agency expenditure for this program is \$220,000.

- ♦ **Soscol Avenue Right-of-Way and First Street Design Documents. (IN PROGRESS)** This project will facilitate the design of roadway and streetscape improvements for Soscol Avenue between Eighth and Vallejo streets, and for First Street between Main Street and the American Center for Wine, Food and the Arts. The Agency expenditure for the First Street and Soscol Avenue median design documents is estimated at \$87,500, with \$92,213 remaining for future Soscol Avenue design documents, which will be initiated during or after flood control.
- ♦ **First Street Improvements. (IN PROGRESS)** In conjunction with the construction of the American Center, the Agency will: (1) install curbs, gutters, enhanced sidewalks, street trees and lighting along First Street between Main Street and the American Center; and (2) create entry areas to Downtown at First Street and Soscol Avenue. The total costs for this project are estimated at \$410,000, with the Agency contributing \$82,000 of this amount and the remainder provided by a Transportation for Livable Communities grant.
- ♦ **Design Guidelines. (IN PROGRESS)** This project includes the development of design standards which will promote high-quality private and public redevelopment by establishing standards for architectural design, signage, landscaping, lighting, river frontage, and other improvements to the area surrounding the American Center and leading into the Project Area. The estimated cost for development of the design guidelines and staff training is \$150,000.
- **Commercial Development Assistance Program. (IN PROGRESS)** This program is broad and contains three major elements, as follows.
 - ♦ **The Seismic Retrofitting Program (REVISED AND ONGOING)** is designed to assist property owners with retrofitting unreinforced masonry buildings. This program provides property owners with Agency loans to assist with the preparation of the architectural/engineering plans for seismic retrofitting. The actual work must commence within five years or the loan must be repaid. The project is administered on a first come, first served basis. The Agency also has funded the preparation of seismic retrofit plans for the Goodman Library and Boreo buildings under this program. The total remaining budget is approximately \$133,000 through FY2000-01.
 - ♦ **The Downtown Facade Improvement Program (REVISED AND ONGOING)** provides rebates for replacing, restoring, or remodeling commercial building facades within the Downtown Project Area. Twenty-seven façade improvement projects have been completed since the program's inception in 1997. The total remaining budget is approximately \$110,000 through FY2000-01.
 - ♦ **The Developer Assistance Program (ONGOING)** is designed to upgrade blighted properties and promote new development in the Project Area. Specific Agency activities under this program may include land acquisition; rehabilitation and restoration; on- and off-site public improvements; loans and grants to new businesses; and other types of required assistance. Agency assistance under this program is accomplished by entering into owner participation agreements or disposition and development agreements with property owners. The total estimated expenditure for all of the elements of the Commercial Development Assistance Program is \$240,000 through FY2000-01.
- **Downtown Lighting & Parking Program. (IN PROGRESS)** This program is focused on the

increased safety in Downtown through lighting and parking lot improvements. This project involves the installation of Victorian-style street lamps in certain downtown areas, as well as the redesign of existing parking lots to increase the number of parking spaces and improve lighting, ensuring a safer environment for visitors. The total expenditure for this program is estimated at \$125,000.

- **Downtown Pedestrian Improvement Program. (IN PROGRESS)** The Agency has approved key Downtown areas for sidewalk replacement and new sidewalks. This project will take place in several phases. The Agency has budgeted \$200,000 for this project through FY 2000-01.
- **Dwight D. Murray Plaza-Clocktower Millennium Project. (IN PROGRESS)** The Napa Downtown Association is undertaking a project to remodel the Dwight D. Murray Plaza area. The Agency gave the Napa Downtown Association approval to undertake a community design process and fund raising campaign. A total of \$50,000 was budgeted as a match for a future project depending upon the outcome of the community process.
- **Street Furniture. (IN PROGRESS)** This project involves the implementation of a standardized street furniture program to unite the look of public furniture in the downtown. A total of \$75,000 was budgeted to provide and replace benches, trash receptacles, bike racks, bus shelters, and Victorian light poles.
- **Holiday Improvements and Activities. (ONGOING)** Each year the Agency participates in several important seasonal events in Downtown including the winter holiday season, 4th of July Celebration, Chef's Market, and other events of this nature. Annual funding (\$30,000) is used for a variety of decorations, promotions, marketing, and banners to draw residents and visitors to Downtown.

Proposed New Projects and Programs

The following represents new projects that may be implemented during the five-year Implementation Plan period. These projects are broad in scope and represent the types of programs the Agency may want to consider undertaking. The anticipated expenditures for the proposed projects are only general estimates to give an idea of future funding needs. More detailed cost analyses will be prepared if the Agency Board gives direction to proceed with any of these projects. One of the reasons for outlining such an ambitious list of projects is for the Agency to determine if a future tax increment bond allocation is warranted.

Although the Agency is accumulating funds in an undesignated reserve account, these funds will not be sufficient to undertake many of the projects identified below. A future tax increment bond issue will be needed to fund most of the projects below. It is estimated that net proceeds in the amount of \$4.7 million could be raised through a bond sale. Even with a future bond issue, not all the projects identified below can be funded by the Agency.

- **Flood Protection-Related Projects.** The following represents projects that may be implemented due to the Flood Protection Project.
 - ♦ **CineDome Parking Structure** – A parking structure to facilitate retention and expansion of the CineDome Theaters in Downtown is necessary. The Flood Protection Project has a mitigation measure to pay for replacement of 122 spaces or about \$1.5 million. A larger structure is needed to support the CineDome expansion and other activities in the area, including the opening of the 450-seat Opera House in the spring of 2002. The Agency may need to fund the difference between what the Flood Project will pay for replacement of the 122 spaces and the actual demand for increased parking in this area. The estimated cost of parking improvements including a new garage is \$3,000,000, not including the Flood Control District's mitigation funds.

- ◆ **Riverfront Public Projects** - The Downtown Reach Schematic Design includes several components: a 10-15' riverfront promenade, a redesigned Veteran's Park, a wet/dry bypass channel for summer recreational uses, and three new bridges and an updated Soscol Bridge over the Napa River. These projects will require some "betterments" which may include upgraded finishes, materials, features such as overlooks, art, etc. Funding for these "betterments" will likely be requested from the Agency since the costs for "aesthetics" in the Flood Protection Project and Measure A funds may not be sufficient to cover this better level of improvements. Once more detailed design is completed a more accurate estimate can be obtained. It is likely the "betterments" could cost between \$1,000,000 - \$2,000,000.
- ◆ **New Gateway Intersections** – Concurrent with or after the Flood Project is implemented, the Agency will want to upgrade the gateway intersections at First and Third streets and Soscol Avenue and other right-of-way improvements along Soscol. Some funding for these improvements is provided under the River Restoration Planning Program/Soscol Avenue Right-of-Way for the development of the design documents for these intersection improvements. The Agency may provide funds to undertake the actual improvements. Estimated cost is in the range of \$500,000 - \$750,000 depending on the number and size of the gateway locations.
- ◆ **Public Relations and Mitigation Programs** – Downtown Napa will be under construction for approximately four years to accommodate the construction of three new bridges, a pedestrian promenade, new Veteran's park, etc. This construction activity will be very disruptive. Although the Flood Control District and City Public Works Department will implement mitigation measures, the Agency may want to provide funds for specialized public relations, signage, special events, or extra-ordinary mitigation measures to assist downtown merchants to stay in business. Estimated cost is \$150,000.
- **County Parking Structure/Transit Terminal** - A study is currently in process to look at moving the transit terminal to a new location near the Napa County governmental offices and provision of a new a parking structure to accommodate parking needs in the area. The Agency may want to assist with this project. The parking structure would free up surrounding on-street parking and provide for nighttime and event parking for Downtown. It is anticipated that the project would also facilitate redevelopment of a blighted parcel across the street because parking would be available. Estimated Agency cost is between \$500,000 - \$1,000,000.
- **Third Street Pedestrian Linkage Improvements** - The Napa Valley Expo is currently considering the redevelopment of the Expo property to include a convention center and hotel. Since this Expo will become a new pedestrian destination in the downtown area, Agency staff believes similar improvements to those soon to be constructed along First Street would be appropriate along Third Street. Although not included as part of the Flood Protection Plan, a pedestrian bridge between the American Center and Expo is being contemplated. Agency staff views these improvements as a critical link in a downtown pedestrian circulation system. Funding for these improvements to Third Street and a pedestrian bridge to tie this area back into Downtown may be close to \$825,000.
- **Art and Cultural District Improvements** - The Agency and the City are promoting Downtown as an Art and Cultural District. There may be opportunities for the Agency to facilitate some public art, programs, and marketing for this area that further arts-related activities in Downtown. Estimated cost is \$200,000.
- **Goodman Library and Borreo Building Seismic Retrofit** - The Agency is currently developing the seismic retrofit plans and specs for these two key historic City-owned buildings. The actual retrofit costs for both is estimated at \$850,000. The Agency may want to provide assistance for the actual retrofit of these buildings. It is believed that both buildings will play an important role in

Downtown's revitalization as possible places for public art, a library, and research facilities, retail, etc.

- **Downtown Circulation** – The one-way street configuration in Downtown has been an issue for a long time. With the many new developments and the Flood Protection Project, the Agency will be evaluating this circulation issue. It is not currently known what, if any, changes may be proposed to reorient the streets. Past estimates have ranged in the neighborhood of \$1,000,000.

The Agency will expire in 2009 and has until 2004 to issue any additional bonds. The repayment of these bonds would continue until 2019 through tax increment flow to the Agency. No additional projects would be undertaken or staff retained after 2009. The nine projects listed above total \$9,775,000. Clearly, not all of the projects identified above can be undertaken by the Agency.

3. Blight Elimination

The specific projects, programs and expenditures will eliminate, in part, blighting conditions within the Project Area. Table 2 illustrates the relationship between the projects, programs and expenditures of the Redevelopment Component, and the blight that will be eliminated as a result of the expenditures. This Implementation Plan addresses how the Agency has contributed or intends to contribute to the alleviation of blight during the five-year period covered by this Plan. Private sector activities will additionally contribute to the removal of blight within the Project Area and the revitalization of the area.

Though there have been considerable Agency and community accomplishments, the Parkway Plaza Redevelopment Project Area continues to exhibit blighting characteristics. The following is a list of the major blighting characteristics found in the Project Area and how proposed Agency activities will reduce the prevalence of such conditions.

- **Deterioration and Dilapidation.** There are structures in the Project Area that are in varying stages of deterioration. Some of these structures are unreinforced masonry buildings that are under a State of California mandate to retrofit. There are 31 such buildings in the Project Area, many of which represent a significant historical resource of the city and many are designated as local historic landmarks. To address these conditions the Agency, as part of its Commercial Development Assistance Program, established a Seismic Retrofitting Program, and the Downtown Facade Improvement Program. The Seismic Retrofitting Program provides loans to property owners to assist with architectural/engineering work. The Downtown Facade Improvement Program also offers assistance for replacing or remodeling commercial building facades. The Agency has completed 27 façade projects since inception of the program in FY 1996-97.

The River Enhancement Project is designed to better utilize and enhance the use of the Napa River by local residents and visitors. A byproduct of this program will be that riverfront properties will be more desirable to potential developers and investors and create an improved riverfront environment for residents and visitors.

- **Defective Design and Character of Physical Construction and Age and Obsolescence.** The Parkway Plaza Redevelopment Project Area encompasses the central area of the City of Napa. The City began here at the end of the Napa River more than 150 years ago. There continue to be numerous buildings in the Project Area which remain from the early evolution of the city. These buildings represent not only an important cultural resource to the community but also a public responsibility for their preservation and upkeep. Many of these buildings, as a result of their age and the way in which their occupancy and use has changed over time, are

defective in their design for modern-day needs and/or structurally defective due to poor maintenance and upkeep.

The Agency provided assistance under the Façade Improvement Program to the Napa Valley Opera House. The exterior of the Opera House, which opened in the 1880s, is being restored and seismically retrofitted. Fund raising for the interior is now almost complete with an expected opening in the spring of 2002. Under the Seismic Retrofitting Program and the Downtown Facade Improvement Program, the Agency is assisting in the seismic retrofit of the Goodman Library and the Borreo Building, both of which suffer from conditions of defective design. As part of the River Enhancement Project the Agency is assisting in the restoration of the Napa Mill-Hatt Building.

To address the problem of outdated lighting systems throughout Downtown, the Agency is in the process of installing Victorian-style street lamps at a variety of locations throughout the Project Area. This program also includes improving downtown parking lots, where inadequate parking can be considered an issue of defective design. In addition, as a part of the Flood Protection Project, the Agency is considering assisting in the funding of a parking structure for the CineDome Theaters. The Agency may also assist with a parking structure near the Napa County governmental office. Each of these programs should help to alleviate conditions of defective design.

- **Inadequate Public Improvements.** The unique geographical location of Napa and its low lying proximity to the Napa River, which was one of the principal reasons the city was created at this location, has given rise to numerous public improvement deficiencies that continue to exist. One of the city's most pressing public improvement problems is the long-standing need for flood control improvements. Approval of the sales tax measure in 1998 has provided the city with a means to alleviate flooding in Napa. The Agency will be looked upon to provide supplemental funding for elements of the project that cannot be funded directly through the sales tax measure. These may include riverfront public projects, new gateway intersections, and improvements to downtown circulation.

The River Restoration Planning Program will include design guidelines and related environmental documents for the entrance and major corridor through the Project Area, and riverfront areas adjacent to commercial areas. The River Restoration Planning Program will include the design and installation of several major street improvements at key intersections in the Project Area and development of design guidelines for the area. The Agency has also completed, or is proposing to complete, a number of landscaping and streetscape improvements to improve the appearance of the downtown area. Such improvements include landscaping, installing Victorian streetlights, reconstructing sidewalk areas, and upgrading or installing street furniture. The Agency is also considering various improvements along Third Street to provide for better pedestrian linkages and a pedestrian bridge to the American Center from the Napa Valley Expo.

- **Impaired Investments and Economic Maladjustment.** Although the Agency has contributed significantly to the redevelopment of the Downtown area, continued economic development activities are necessary to reverse past economic trends in the Project Area. The level of private sector investment in the Project Area is increasing; however, a number of economic issues, such as flood control and blighted properties still affect the economic recovery of Downtown. The major program in this Implementation Plan to address these economic conditions in the Project Area is the Commercial Development Assistance Program, which has

been designed to encourage rehabilitation and restoration of commercial property through private sector investment. In addition, implementation of the River Enhancement Project and Flood Protection-related projects will contribute to strengthening the economic fabric of Downtown Napa.

D. SUMMARY OF REDEVELOPMENT COMPONENT

The Redevelopment Component of this Implementation Plan provides the framework for Agency activities during the term of the Implementation Plan. Efforts have been made to demonstrate that the Agency's near-term goals and objectives to eliminate blight are based on the goals and objectives of the original Redevelopment Plan. The continuing and proposed Agency activities and how these activities will be financed are represented by the projects, programs and expenditures included in this Implementation Plan.

In summary, the Agency's intentions are to complete the revitalization effort to the extent possible, with an emphasis on historic restoration and rehabilitation, public improvements and economic development, throughout the remaining years of the Redevelopment Plan.

HOUSING COMPONENT

A. IMPLEMENTATION PLAN REQUIREMENTS

This Housing Component is the second part of the of the Implementation Plan and complements the Redevelopment Component. Together, the two components constitute the implementation plan required by Section 33490 of the California Community Redevelopment Law ("CRL," consisting of Sections 33000 *et seq.* of the California Health and Safety Code). The Implementation Plan sets forth the Agency's goals and objectives, projects, and expenditures for the Project Area over the next five-year period.

This Housing Component of the Implementation Plan presents the expenditure of funds and other activities relating to the production of housing affordable to persons and families of low and moderate income. Low and moderate income are defined in the CRL by reference to Section 50093 of the Health and Safety Code. Moderate income is defined as household income of 80 percent to 120 percent of median income. Low income is defined as income of 50 percent to 80 percent of median income (Section 50079.5); and very low income is defined as income less than 50 percent of median income (Section 50105). This Housing Component targets programs to these affordable housing income groups.

The CRL provides that, in addition to the removal of blight, a fundamental purpose of redevelopment is to expand the supply of low- and moderate-income housing (Section 33071). (All citations are to the Health and Safety Code unless otherwise specified). To accomplish this purpose, the CRL contains numerous provisions to guide redevelopment agency activities with regard to low- and moderate-income housing. Taking into account all of these provisions, a redevelopment agency's housing responsibilities fall into three major categories:

1. the production and/or replacement of low- and moderate-income housing depending upon activities undertaken by an agency within its project area(s);
2. the set-aside and expenditure of specified amounts of tax increment revenue for the express and exclusive purpose of increasing, improving, and preserving a community's supply of low- and moderate-income housing; and
3. preparing reports on how the agency has met, or preparing plans on how the agency will meet, its responsibilities with regard to the first two categories.

This Housing Component of the Implementation Plan meets the requirement of #3 above. In addition, the Housing Component addresses how the Agency will achieve many of the housing responsibilities contained in #1 and #2.

Section 33490 requires that the Housing Component address the applicable items presented in the list below. Since the Project Area was adopted prior to January 1, 1976, the first two items below are not applicable to Napa's Redevelopment Agency and are not required to be contained in the Housing Component Section of the Implementation Plan.

Housing Production Based on Activities in the Project Area

- ◇ Production of low- and moderate-income housing units in a number equal to at least 30 percent of Agency-developed residential units in the Project (Section 33413(b)(1)), for projects adopted on or after January 1, 1976, and for areas which are added to a project area by amendment after January 1, 1976.
- ◇ Production of low- and moderate-income housing units in a number equal to at least 15 percent of all residential units developed in the Project (Section 33413(b)(2)), for projects adopted on or after January 1, 1976, and for areas which are added to a project area by amendment after January 1, 1976.

- ◇ Identification of locations suitable for replacement housing units rehabilitated, developed or constructed pursuant to Section 33413(a), if the destruction or removal of low- and moderate-income units will result from a project contained in the implementation plan (Section 33490(a)(3)).

Set-Aside and Expenditure of Tax Increment for Housing Purposes

- ◇ The set-aside of 20 percent of tax increment in projects adopted on or after January 1, 1977 (Section 33334.2)
- ◇ The proportional expenditure of housing funds on low- and very low-income housing as needed and unmet by other governmental programs (Section 33334.4)
- ◇ The set-aside of 20 percent of tax increment in projects adopted prior to January 1, 1977 (Section 33334.6)
- ◇ The transfer of housing funds to other public entities producing housing in the community (a possible outcome of the provisions of Sections 33334.12 *et seq.*)

More detailed descriptions of these provisions are provided in Appendix B of this Implementation Plan. Article 16.5 requires that an implementation plan address the applicable Sections cited above and, additionally provide the following:

- ◇ estimates of the balances and deposits into the Housing Fund created to hold the set-aside of tax increment;
- ◇ a housing program identifying estimates of Agency assisted housing units and expenditures from the Housing Fund;
- ◇ an indication of housing activity that has occurred in the Project Area, to the extent that the housing production requirements identified above apply; and
- ◇ estimates of housing units that will be produced in the Project Area for each of the various income categories, to the extent that the housing production requirements identified above apply.

B. APPLICABLE LOW- AND MODERATE-INCOME HOUSING REQUIREMENTS

A review of the low- and moderate-income housing provisions will disclose that not all of the provisions are applicable to each redevelopment project area.

The Parkway Plaza Project was adopted in December 1969, and contained housing occupied by low- and moderate-income persons and land designated for residential uses. These three characteristics -- the date of adoption, the existence of low- and moderate-income housing units, and the potential for residential development -- are the primary determinants of which housing provisions of the CRL the Housing Component must comply with. Given the facts of Napa's Project Area listed above, only the low- and moderate-income housing provisions discussed below are applicable.

1. Applicable Housing Production Requirements

a. Percentage Production of Low- and Moderate-Income Units

The Project was adopted prior to January 1, 1976, and has not been amended to add

territory since this date. As a result, the Project is not subject to the housing production requirements of Section 33413(b). Therefore, this Implementation Plan is not required to, and does not contain, either of the following:

- information on the past production of housing units in the Project; or
- estimates of housing units to be produced in the Project for each of the various income categories (very low-, low- and moderate-income).

b. Replacement Housing Requirement

When the Original Implementation Plan was adopted in December 1994, the Agency was not required to meet replacement housing obligations pursuant to Section 33413(a) for the Project. Beginning January 1, 1996, the Agency became subject to the requirement and must replace, on a one-for-one basis, all units removed from the low- and moderate-income housing stock in the Project resulting from Agency involvement. Article 16.5 requires that if an implementation plan contains projects that could result in the removal of low- and moderate-income housing units, the plan must identify locations suitable for the replacement of such housing. This Implementation Plan does not include projects or programs that would result in the removal of housing units from the low- and moderate-income housing stock; therefore, there is no identification of suitable locations for replacement housing.

2. Applicable Deposit and Expenditure Provisions

a. Set-Aside of Tax Increment

Because the Project was adopted before January 1, 1977, the provisions of Section 33334.6 regarding the set-aside of twenty percent (20%) of Project tax increment for low- and moderate-income housing purposes apply. This version of the set-aside requirement provides the ability to reduce the required deposits into the Housing Fund (created to receive the set-aside) in order to meet other non-housing obligations.

To the extent deposits are reduced in order to meet other obligations, the amount of the difference between the required deposit (equal to 20 percent of tax increment) and the actual deposit creates a deficit in the Fund. An agency which has availed itself of this provision of the CRL must prepare a deficit elimination plan. Section 33334.6 also enables the elimination or reduction of an annual housing deposit if the Agency makes findings regarding the lack of need for low- and moderate-income housing in Napa or that the expenditure of less than 20 percent of the Project's tax increment is sufficient to meet the need that does exist. To the extent deposits are reduced or eliminated per this provision of the CRL, no deficit is created in the Fund.

In August 1986, the Agency adopted a statement of existing obligations and a statement of existing programs and made the finding that it was necessary to deposit less than the full 20 percent in the Housing Fund. These actions were adopted as a part of Resolution No. A-813. Between 1985-86 and 1988-89, the Agency made less than the full 20 percent deposit, creating a deficit of \$694,161 in the Housing Fund. The deficit was eliminated when the Agency purchased three parcels of land, at a cost of \$1,604,127. The three sites are commonly referred to as the Von Brandt, Saratoga Road and Shurtleff sites. The land was contributed to the Housing Authority of the City of Napa and has been or will be used as the sites for development of new low- and moderate-income housing in Napa.

b. Proportional Expenditure for Low- and Very Low-Income Housing

The Project is subject to the CRL mandate that the Agency have a policy of expending monies in the Housing Fund in proportion to the unmet need for housing for persons and families of low and very low income. In order to determine the proportion of Housing Fund monies which should be spent for housing

persons of low and very low income, the Agency has used the Association of Bay Area Governments Housing Needs Determination for the City of Napa as of January 1990. The table below shows the fair share housing allocations and the percentages they represent of the housing units allocated to the three income categories. (Please note that the units shown below have been utilized to calculate the percentage allocation of Housing Fund money to be used for housing persons of low and very low income. The units do not represent a current or future obligation of the Project Area to produce units).

City of Napa
Fair Share Housing Allocation

<u>Income</u>	<u>Units</u>	<u>Percent</u>
Very Low	893	39.7 %
Low	<u>607</u>	<u>27.0 %</u>
Subtotal	1,500	66.7 %
 Moderate	 <u>750</u>	 <u>33.3 %</u>
Total	2,250	100 %

Source: Association of Bay Area Governments

It is assumed for purposes of this Implementation Plan that it will be the policy of the Agency to spend approximately 66.7 percent of the Project Area's Housing Fund money on housing for persons of very low and low income. Through 1998-99, the Housing Set-Aside monies have been used to assist the following income groups:

1. The Von Brandt site has been developed into an affordable rental complex, called Mayacamas Village, of 51 units with 25 units reserved for very low-income families and 26 units reserved for low-income families. The complex is fully leased.
2. The Saratoga Road site has been developed into an affordable for sale single-family development of 32 homes. In total, 18 units were sold to low-income buyers and 14 units were sold to moderate-income buyers.
3. On the Shurtleff site (now called Schoolhouse Court), 14 units of single-family rental units were completed in 1999, and all units have been rented – three units to very low-income families, and 11 to low-income families. A total of \$291,000 in set-aside funds was expended on this project.
4. Approximately \$131,000 of set-aside funds have been used to assist in the administration of the Mortgage Credit Certificate Program. Through 1998-99, 166 certificates have been issued. Of this total, 88 have been to low or very low income families and the balance to moderate-income families.
5. The Housing Authority assisted in the acquisition of a 139-unit family housing complex that was threatened with conversion to market rate housing. In conjunction with the Housing Association for Napa Development (HAND) and the tenants of the complex, the Authority used \$275,000 in housing set-aside monies to assist in the acquisition of the complex. The allocation of units assisted was: 95 very low-income, 21 low-income and 23 moderate-income units.
6. The Housing Authority used approximately \$331,783 in housing set-aside funds during 1993-94 and 1994-95 to make 16 loans to first-time homebuyers. Between 1995-96 and

1998-99, the Housing Authority used \$33,400 in housing set-aside funds to make three loans to first-time homebuyers. All loans were provided to moderate-income persons. The reason the Authority uses Housing Fund monies for the first time home buyers program to assist moderate income homebuyers is that HOME funds are used assist low and very low income persons.

7. During the Original Implementation Plan cycle, the Housing Authority expended approximately \$3.9 million on the Silverado Creek apartment complex. The project includes 102 units that are restricted to low and very low-income families and individuals. A portion of the funding for the project came from deposits in the Housing Fund and also from bond proceeds that will be repaid with housing set-aside funds.
8. The Housing Authority expended \$385,000 in housing set-aside for the acquisition of the Clay Street site. Now completed, the 24-unit Pecan Court development is fully leased, providing 5 units to very low-income families and 18 units to low-income families. The last unit is the manager's unit, and can be leased for up to 100 percent of median income.

Overall, 276 very low-income families, 136 low-income families, and 135 moderate-income families (totaling 547 families) have been provided affordable housing through the utilization of the Housing Fund. Seventy five percent of the families assisted were low-income and 25 percent were moderate-income families. The proportion of Housing Funds spent for very low and low-income families has been estimated at 80 percent.

While the Agency intends to spend 66.7 percent of its Housing Fund on housing for persons of low- and very low-income, the target is intended to be met over the life of the Project and not strictly on an annual basis. In some years, more or less monies may be spent on housing for persons with low and very low income, depending on housing opportunities, market conditions and other restricting factors. The Agency will monitor its expenditures of Housing Fund money in order to comply with the requirements of Section 33334.4 over the life of the Project.

c. Transfer of Housing Funds to Other Providers

The Project is subject to the provisions requiring the transfer of housing funds to other housing producers in the Napa area. Such transfers could possibly occur if the Housing Fund contained "excess surplus." Excess surplus means any unexpended and unencumbered amount in a project's Housing Fund that exceeds the greater of \$1 million or the aggregate amount deposited into the Housing Fund during the project's preceding four fiscal years. The first fiscal year to be included in this computation is the 1989-90 fiscal year, and the first date on which an excess surplus may exist is July 1, 1994.

The analysis of deposits and balances in the Housing Fund provided later indicates that no excess surplus currently exists or will exist in the Housing Fund for the Project during the Implementation Plan's term. Therefore, the Agency is not required to transfer monies in the Housing Fund to other housing providers. However, the Agency has been voluntarily transferring its Housing Set-Aside monies to the Housing Authority of the City of Napa ("Housing Authority") beginning with the 1990-91 fiscal year. The description of the Housing Program contained in this Implementation Plan represents the programs and projects to be implemented by the Housing Authority.

C. HOUSING GOALS AND OBJECTIVES OF THE UPDATED IMPLEMENTATION PLAN

As described in the Background section of this Implementation Plan, the Redevelopment Plan contains

goals and objectives related to housing. The projects and programs contained in this Housing Component will attempt to achieve these goals and objectives.

The introduction to this Housing Component lists the major categories of housing responsibilities mandated by the CRL that apply to Napa. The Housing Component must outline set-aside expenditures and fulfill the other reporting requirements. The overall goal of the Agency for the Project is accomplishment of all of the mandated activities. Through these activities, which will extend over the duration of the Redevelopment Plan for the Project, the Agency will assist in accomplishing the intent of the CRL regarding redevelopment's role in the provision of low- and moderate-income housing. The applicable requirements are to be accomplished over the life of the Project, either on an ongoing basis (as is the case with the annual housing set-aside), or on a cumulative basis (e.g., the proportional expenditure of Housing Fund money on low- and very low-income housing).

Meeting the Goals and Objectives will mean that the Agency continue to deposit 20 percent of tax increment into the Housing Fund and that the expenditures from the Fund attain the proportional application to the various income categories as indicated earlier. The projects and programs discussed in the following section of this Housing Component will identify the activities that will enable the Agency to meet the Housing Component Goals and Objectives.

D. HOUSING FUND RESOURCES AND THE HOUSING PROGRAM

This section of the Housing Component of the Implementation Plan will discuss the financing of housing activities over the five years of the Implementation Plan. This section includes estimates of deposits into the Housing Fund and obligations against the fund, and a discussion of the Agency's housing program (which will be implemented by the Housing Authority) with estimates of the expenditures of monies from the Housing Fund. The focus of this section is on the relationship of the Housing Program and the uses of monies in the Low- and moderate-income Housing Fund.

1. Net Housing Set-Aside Available

Table 3 on page 28 includes information on beginning balances and deposits into the Housing Fund for the years 1999-2000 through 2004-05. The projected deposits into the fund are based on a tax increment projection prepared by Fraser & Associates, the Agency's redevelopment consultant. The overall tax increment projections from which the housing set-aside deposits are derived were based on actual 1999-2000 taxable values for tax rate areas located in the Project Area. Real property values used in the projections were comprised of locally assessed secured and unsecured land and improvements. Real property values in the Project Area were projected to increase annually by 2 percent, based on the maximum allowable inflation adjustment per Proposition 13.

The Housing set-aside revenue shown on Table 3 was estimated based on 20 percent of the total tax increment revenue for the Project Area, less property tax administration charges collected by Napa County for the calculation, collection and allocation of property taxes. The amounts shown on Table 3 are estimates, and actual tax increment revenues and resulting housing set-aside revenues could be more or less than the amounts shown on Table 3.

2. Existing Obligations

A substantial portion of the projected housing set-aside revenues are currently obligated to repay tax allocation bonds that were issued by the Authority to fund the Silverado Creek apartment development. In addition, the Authority provided an advance of funds for the apartment project that will need to be repaid from Housing set-aside funds. Existing obligations will consume approximately 70 percent of the projected Housing

set-aside deposits. There will be limited resources to implement additional housing projects and programs.

3. The Housing Program and Potential Financing

As shown on Table 3, the cumulative housing set-aside funds from the Project Area, including investment earnings on balances in the Housing Fund and the proceeds of loan repayments that are estimated to be available over the five-year period of this Implementation Plan, are approximately \$563,000. It is estimated that the Agency will enter the new Implementation Plan period with a fund balance of 0. It is anticipated that the Agency will continue to transfer the housing set-aside monies to the Housing Authority. The programs and projects described below therefore reflect the programs of the Housing Authority. It should be noted that the Housing Authority utilizes multiple sources of funding in order to preserve and increase affordable housing, of which the housing set-aside is one element. The programs and projects described below reflect those for which the housing set-aside will be used as a partial or total funding source.

A description of the projects and programs comprising the Housing Authority's housing activities is discussed below and is based on the projected resources to be available after obligations are met.

- **First Time Homebuyers Assistance Program.** This program is designed to assist low- and very low-income first-time homebuyers purchase homes in Napa. Housing set-aside monies are utilized to provide second mortgages on favorable terms to bridge the gap between the maximum first mortgage loan amount available and the actual purchase price of the home. The maximum second mortgage is \$20,000 and no payments are due during the first five years. Beginning in the sixth year through the 30th year, interest-only payments are made. Full payments on the second mortgage are due upon the sale or transfer of the house. For purposes of the expenditure projections shown on Table 3, it has been estimated that three first-time homebuyers would be assisted at a total cost of \$44,000.

The Housing Authority also utilizes housing set-aside monies to assist in the financing of the Mortgage Credit Certificate Program. Under this program, eligible first-time homebuyers may take 20 percent of their annual mortgage interest payments as a tax credit against their federal income taxes. Table 3 provides an estimate of expenditures for this program.

- **Development Corporation.** The Development Corporation was formed: (1) to provide and assist local government entities to provide housing for low- and moderate-income persons; and (2) to assist local government entities to provide and expand economic opportunities for low- and moderate-income persons through community-based economic and commercial development activities. The formation of the Development Corporation allows the Housing Authority to receive charitable donations for which the donor can receive federal and state income tax deductions; avoid possible future liability for developed properties; and, in some cases, avoid the need for specific site approval by voters for proposed developments. The Housing Authority also utilizes some housing set-aside monies to finance the projects and programs supported by the Development Corporation.
- **New Housing Development.** The Housing Authority is involved in creating new low- and moderate-income housing in Napa. New housing is focused on the construction of both affordable rental units and affordable homeownership units. Such housing is normally developed in conjunction with either local non-profit or for-profit developers. Construction of new housing may also follow a self-help housing model in which future owners of housing units provide free labor ("sweat equity") in exchange for reduced prices on the housing. The Housing Authority also acquires land under this program, some of which may be land banked for future housing developments. No funding for new housing construction has been shown on Table 3

although funding may be provided should additional resources become available.

- **Administrative Expenses.** In the course of implementing the housing program, administrative costs will be incurred. Such expenditures include salaries, overhead, consultant and legal expenses, supplies, etc. For purposes of estimating administrative expenditures, the Agency and the Housing Authority have not allocated such expenses to the housing set-aside fund. It may be determined in the future that some administrative expenses should be allocated to the Housing Fund.

Table 3 provides an illustrative example of how the Housing Program could be financed on an annual basis over the Implementation Plan period. The preparation of the Illustrative Cash Flow shown on Table 3 is meant to provide an indication of the financing of the Housing Program and of the estimated expenditures to be made during the Implementation Plan period. The intent is not to restrict Agency or Housing Authority activities to only those projects, programs and expenditures shown on Table 3. Specific decisions on each of these items will be made as part of the Agency's and the Housing Authority's annual budget processes.

E. SUMMARY OF PLANNED HOUSING ACTIVITY

As stated above, a large portion of the housing set-aside funds are needed to meet existing obligations. The balance of remaining funds will be used for a combination of the First-Time Homebuyers program and the Development Corporation.

It is estimated that expenditures for very low- and low-income housing will equal approximately 71 percent of the total expenditures. The target for such expenditures is 66.7 percent. As mentioned earlier, the Agency will continue to monitor expenditures from the Housing Fund to ensure expenditures in proportionate amounts reflective of the unmet need for low- and very low-income housing.

TABLE 3 – ILLUSTRATIVE PROJECT CASH FLOW – HOUSING PROGRAM

APPENDIX A

ARTICLE 16.5 OF THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW (HEALTH AND SAFETY CODE, SECTION 33000 *et seq.*)

Article 16.5. Adoption of Implementation Plans

33490. (a) (1) (A) On or before December 31, 1994, and each five years thereafter, each agency that has adopted a redevelopment plan prior to December 31, 1993, shall adopt, after a public hearing, an implementation plan that shall contain the specific goals and objectives of the agency for the project area, the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area and implement the requirements of Sections 33334.2, 33334.4, 33334.6, and 33413. After adoption of the first implementation plan, the parts of the implementation plan that address Sections 33334.2, 33334.4, 33334.6, and 33413 shall be adopted every five years either in conjunction with the housing element cycle or the implementation plan cycle. The agency may amend the implementation plan after conducting a public hearing on the proposed amendment. If an action attacking the adoption, approval, or validity of a redevelopment plan adopted prior to January 1, 1994, has been brought pursuant to Chapter 5 (commencing with Section 33500), the first implementation plan required pursuant to this section shall be adopted within six months after a final judgment or order has been entered. Subsequent implementation plans required pursuant to this section shall be adopted pursuant to the terms of this section, and as if the first implementation plan had been adopted on or before December 31, 1994.

(B) Adoption of an implementation plan shall not constitute an approval of any specific program, project, or expenditure and shall not change the need to obtain any required approval of a specific program, project, or expenditure from the agency or community. The adoption of an implementation plan shall not constitute a project within the meaning of Section 21000 of the Public Resources Code. However, the inclusion of a specific program, potential project, or expenditure in an implementation plan prepared pursuant to subdivision (c) of Section 33352 in conjunction with a redevelopment plan adoption shall not eliminate analysis of those programs, potential projects, and expenditures in the environmental impact report prepared pursuant to subdivision (k) of Section 33352 to the extent that it would be otherwise required. In addition, the inclusion of programs, potential projects, and expenditures in an implementation plan shall not eliminate review pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), at the time of the approval of the program, project, or expenditure, to the extent that it would be otherwise required.

(2) (A) A portion of the implementation plan shall address the agency housing responsibilities and shall contain a section addressing Sections 33334.2, 33334.4, 33334.6, the Low and Moderate Income Housing Fund, and, if subdivision (b) of Section 33413 applies, a section addressing agency-developed and project area housing. The section addressing the Low and Moderate Income Housing Fund shall contain:

(i) The amount available in the Low and Moderate Income Housing Fund and the estimated amounts which will be deposited in the Low and Moderate Income Housing Fund during each of the next five years.

(ii) A housing program with estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the five years and estimates of expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.

(B) For each project area to which subdivision (b) of Section 33413 applies, the section

addressing the agency developed and project area housing shall contain:

(i) Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project areas, both over the life of the plan and during the next 10 years.

(ii) Estimates of the number of units of very low, low-, and moderate-income households required to be developed within one or more project areas in order to meet the requirements of paragraph (2) of subdivision (b) of Section 33413, both over the life of the plan and during the next 10 years.

(iii) The number of units of very low, low-, and moderate-income households which have been developed within one or more project areas which meet the requirements of paragraph (2) of subdivision (b) of Section 33413.

(iv) Estimates of the number of agency developed residential units that will be developed during the next five years, if any, which will be governed by paragraph (1) of subdivision (b) of Section 33413.

(v) Estimates of the number of agency developed units for very low, low-, and moderate-income households which will be developed by the agency during the next five years to meet the requirements of paragraph (1) of subdivision (b) of Section 33413.

(3) If the implementation plan contains a project that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to subdivision (a) of Section 33413, the implementation plan shall identify proposed locations suitable for those replacement dwelling units.

(b) For a project area for which a redevelopment plan is adopted on or after January 1, 1994, the implementation plan prepared pursuant to subdivision (c) of Section 33352 shall constitute the initial implementation plan and thereafter the agency after a public hearing shall adopt an implementation plan every five years commencing with the fifth year after the plan has been adopted. Agencies may adopt implementation plans that include more than one project area.

(c) Every agency, at least once within the five-year term of the plan, shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the redevelopment plan and the corresponding implementation plan for each redevelopment project within the jurisdiction and evaluating the progress of the redevelopment project. The hearing required by this subdivision should take place no earlier than two years and no later than three years after the adoption of the implementation plan. An agency may hold one hearing for two or more project areas if those project areas are included within the same implementation plan.

(d) Notice of public hearings conducted pursuant to this section shall be published pursuant to Section 6063 of the Government Code and posted in at least four permanent places within the project area for a period of three weeks. Publication and posting shall be completed not less than 10 days prior to the date set for hearing.

APPENDIX B

REDEVELOPMENT LOW- AND MODERATE-INCOME HOUSING REQUIREMENTS

An agency's major housing responsibilities fall under four broad categories including: 1) the set-aside of 20 percent of tax increment revenue for low- and moderate-income housing (Sections 33334.2 and 33334.6); 2) the creation of housing affordable to low- and moderate-income persons and families based on the production of all new and substantially rehabilitated dwelling units (Section 33413); 3) the replacement of low- and moderate-income dwelling units removed as a result of Agency activity (Section 33413); and 4) the proportional expenditure from the 20 percent set-aside on housing for low- and very low-income persons based on community need (Section 33334.4).

The following summarizes an agency's redevelopment housing responsibilities.

A. Housing Set-Aside Fund

The Community Redevelopment Law (Section 33334.2) requires, for every redevelopment plan adopted or amended to add territory on or after January 1, 1977, no less than 20 percent of the tax increment received by the agency from a redevelopment project (or area added by amendment) be set aside for increasing, improving and preserving the community's supply of low- and moderate-income housing. The revenues may be expended inside or outside of a project area. If expended outside a project area, a resolution must be adopted stating outside expenditures are of benefit to the project area. The set-aside funds are to be held in a separate Low and Moderate Income Housing Fund until used. Any unexpended amount in the Low and Moderate Income Housing Fund that exceeds the greater of one million dollars or the aggregate amount deposited during the preceding four fiscal years (beginning in 1989-90) becomes excess surplus.

For redevelopment plans adopted before January 1, 1977, the 20 percent set-aside is required beginning in the 1985-86 fiscal year. However, an agency may reduce and defer its low- and moderate-income housing deposit requirement in any fiscal year if it finds that the reduction is necessary to make payments on "existing obligations" (i.e. indebtedness incurred prior to January 1, 1986), and for fiscal years through 1995-96 only to fund "public and private projects, programs or activities" approved by the agency prior to January 1, 1985 (Section 33334.6). If such a reduction is made, a Statement of Existing Programs, or a Statement of Existing Obligations, or both must be adopted by September 1, 1986 and filed with the Department of Housing and Community Development. The 20 percent set-aside or a portion of it can be only be deferred until July 1, 1996, at which time full deposits must be made. A deficit elimination plan must be prepared to outline the agency intentions on expending the amount equal to the difference between the required 20 percent tax increment set-aside and the actual amount deposited, if any, for each year a deposit was reduced.

B. Housing Production/Inclusionary Housing

The Community Redevelopment Law (Section 33413(b)) requires, for redevelopment plans adopted or amended to add territory on or after January 1, 1976, at least 30 percent of all new and substantially rehabilitated dwelling units developed by an agency be available at affordable housing costs to persons and families of low- or moderate-income. Not less than 50 percent of those units (15 percent of the total) are required to be available and occupied by very low-income households. The consensus of opinion from redevelopment attorneys is that this requirement applies only to units developed by an agency directly. For other housing developed or substantially rehabilitated by public or private entities or persons other than the agency, 15 percent must be affordable to persons and families of low- or moderate-income. Not less than 40 percent of those units (six percent of the total) must be affordable to very low-income households. These inclusionary housing requirements are not necessarily applicable to each individual housing development, but may be counted in the aggregate. The agency shall cause these required inclusionary housing units to be built inside or outside the

redevelopment project area, but shall cause, for units developed or substantially rehabilitated by the private sector, two units outside a project area for each unit that otherwise would have had to be available inside a project area.

C. Replacement Housing

The Community Redevelopment Law (Section 33413(a)) requires, for redevelopment plans adopted or amended to add territory on or after January 1, 1976, that for all dwelling units housing persons and families of low- and moderate-income which are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project (involving agency participation), the agency shall rehabilitate, develop or construct an equal number of replacement dwelling units with an equal number of bedrooms. The replacement units shall be constructed or rehabilitated within four years of their removal and can be replaced anywhere within the territorial jurisdiction of the agency. For units removed after September 1, 1989, 75 percent of the replacement units shall replace units available at affordable housing cost in the same income level as the persons displaced from those units. The agency has no replacement housing obligations for units removed by the private sector acting alone. Beginning January 1, 1996, for all low- and moderate-income housing unit removed as part of a redevelopment project, regardless of when the redevelopment plan was adopted, the agency is subject to the replacement housing requirement. Units can not be removed from the low- and moderate-income housing market until the agency has prepared a replacement housing plan which includes, among other requirements, the general location for replacement housing and an explanation of adequate means of financing the replacement units.

D. Housing Expenditure by Community Affordability Need

The Community Redevelopment Law, in Section 33334.4, provides some targeting of the expenditures of moneys in the Low and Moderate Income Housing Fund. It is the apparent intent of the Section that redevelopment agencies direct Housing Fund expenditures such that moneys are distributed in measurable proportion between that spent on moderate-income housing and that spent on low and very low-income housing. The proportion is to be determined for each community on the basis of the unmet need for housing among the income categories. The law does not provide guidance as to how the unmet need is to be determined. A reasonable basis appears to be the allocation of housing need prepared by the applicable association or council of governments. Using this determination, a redevelopment agency is to have a policy that moneys from the Housing Fund are to be expended in a percentage that is not less than the allocated units for low- and very low-income persons bears to the total of allocated units for low-, very low- and moderate-income persons. There is no requirement to achieve this proportion over any shorter period than the duration of the agency's activity in expending money from the Housing Fund.

